

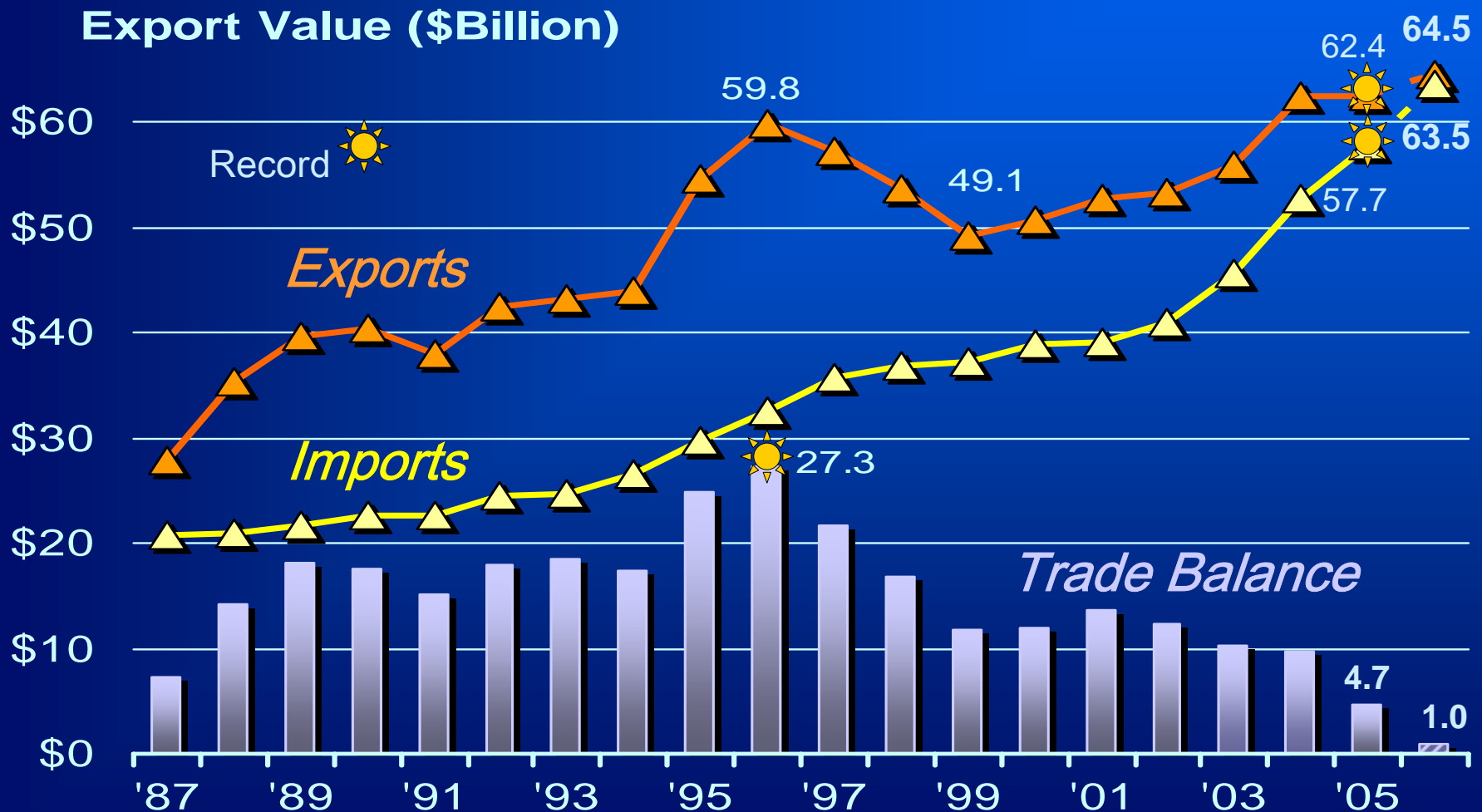
FY 2006 Export Forecasts for Ag, Fishery & Solid Wood Products

Since November...
AgExports unchanged at record \$64.5 billion
AgImports raised \$2 billion to \$63.5 billion
AgTrade Surplus Falls to \$1.0 billion

USDA's "Outlook for U.S. Agricultural Trade"
will be released on February 16, 2006, 9am EST
Prepared by Foreign Agricultural Service/USDA

U.S. Agricultural Trade

Horticultural products, beef & cotton drive export growth in 2006. Large US & foreign grain and oilseed supplies keep the export value of those products in check. Import growth continues on strong demand for fruits & vegs, wine & beer, & tropical products.



Export Outlook for Grain & Feed Products

Revised FY 2006 Forecast:  \$200 million to \$16.5 billion

Revised FY 2006 Forecasts

Upside Developments

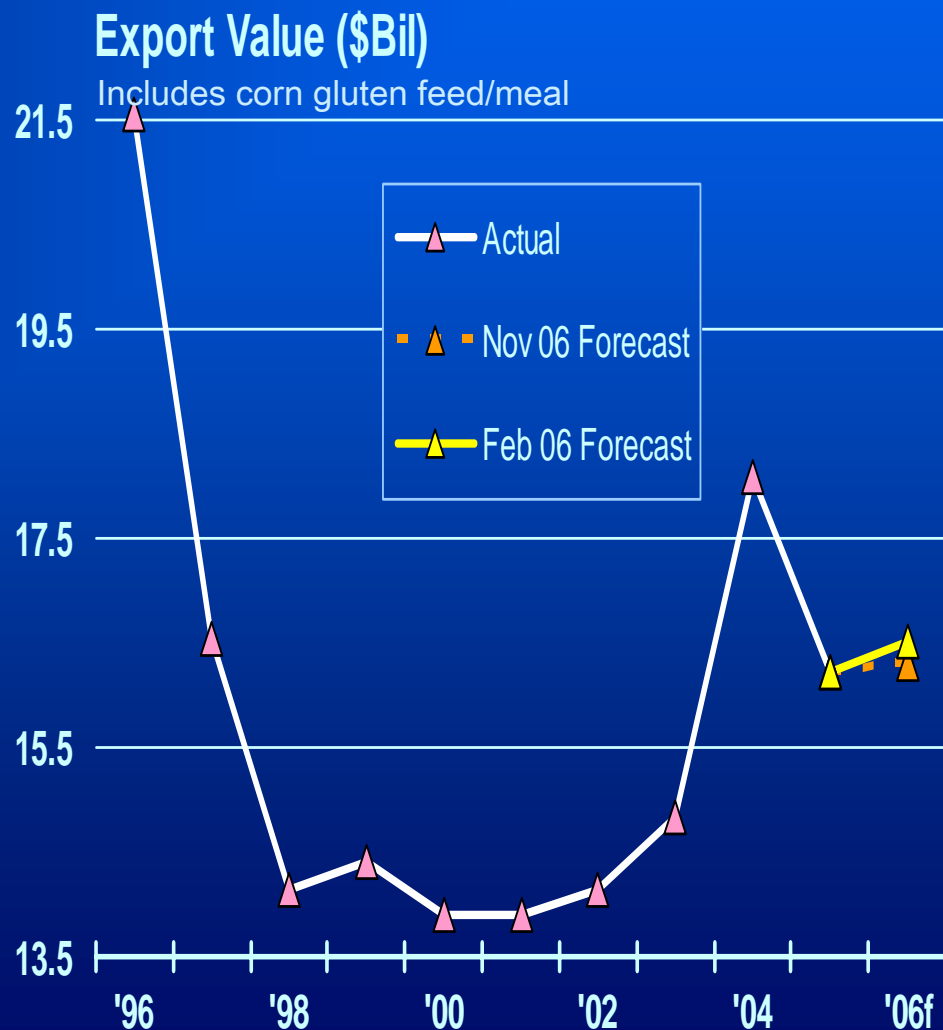
- Unit value for corn raised due to strong domestic demand for feed and ethanol
- Unit value for hard wheat raised on concerns over US growing conditions & strong foreign demand

Downside Developments

- Large global grain supplies
- Lower exportable supplies of hard red winter wheat
- Corn forecast lowered 4 mmt due to renewed competition from China and weaker foreign demand

Wild Cards

- Size of US and Argentine crops
- China's corn export policy



Export Outlook for Oilseeds & Products

Revised FY 2006 Forecast:  \$500 million to \$9.8 billion

Revised FY 2006 Forecasts

Upside Developments

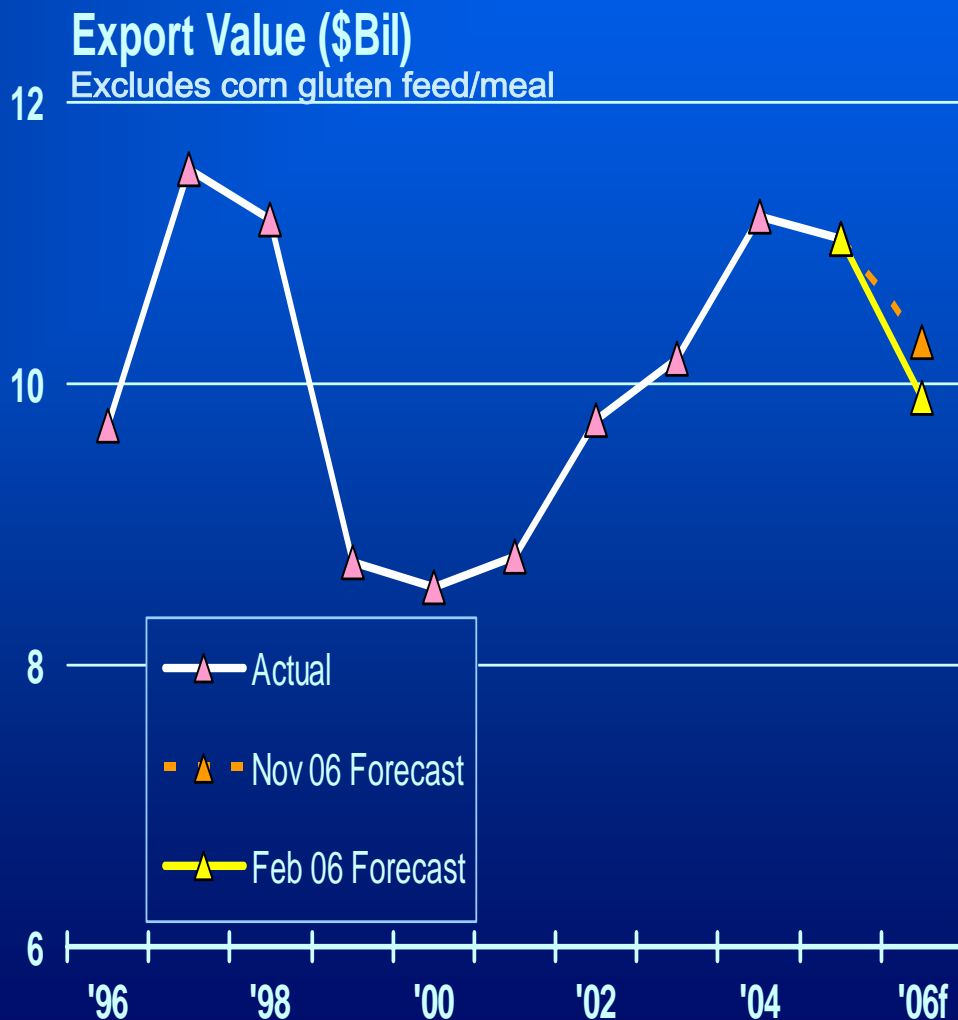
- Soybean export unit value rises to \$240/ton (about the same as 2005)
- Demand from bio-fuels industry
- China's soybean imports remain at record 27.5 mmt

Downside Developments

- Larger S Amer. soybean supplies; strong competition lowers US mkt share in Europe & China
- Slower sales to China

Wild Cards

- Size of US and S American crops
- China's soybean demand



Export Outlook for Cotton

Revised FY 2006 Forecast: Unchanged at \$4.5 billion

Revised FY 2006 Forecasts

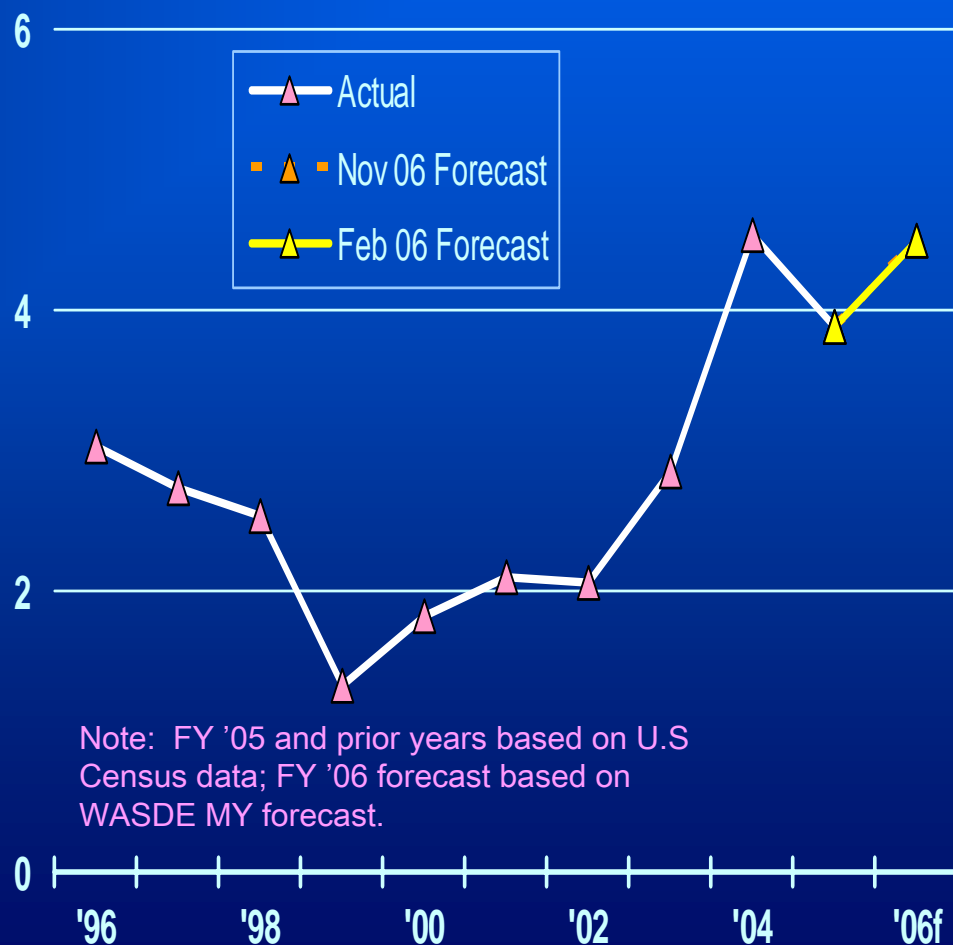
Upside Developments

- Continued demand growth in China
- Record US 2005/06 crop and weaker US demand increases exportable supply

Downside Developments

- Logistical issues at warehouses and for transportation pose challenges to exporters

Export Value (\$Bil)



Export Outlook for Dairy, Livestock & Poultry

Revised FY 2006 Forecast:  \$100 million to \$12.6 billion

Revised FY 2006 Forecasts

Upside Developments

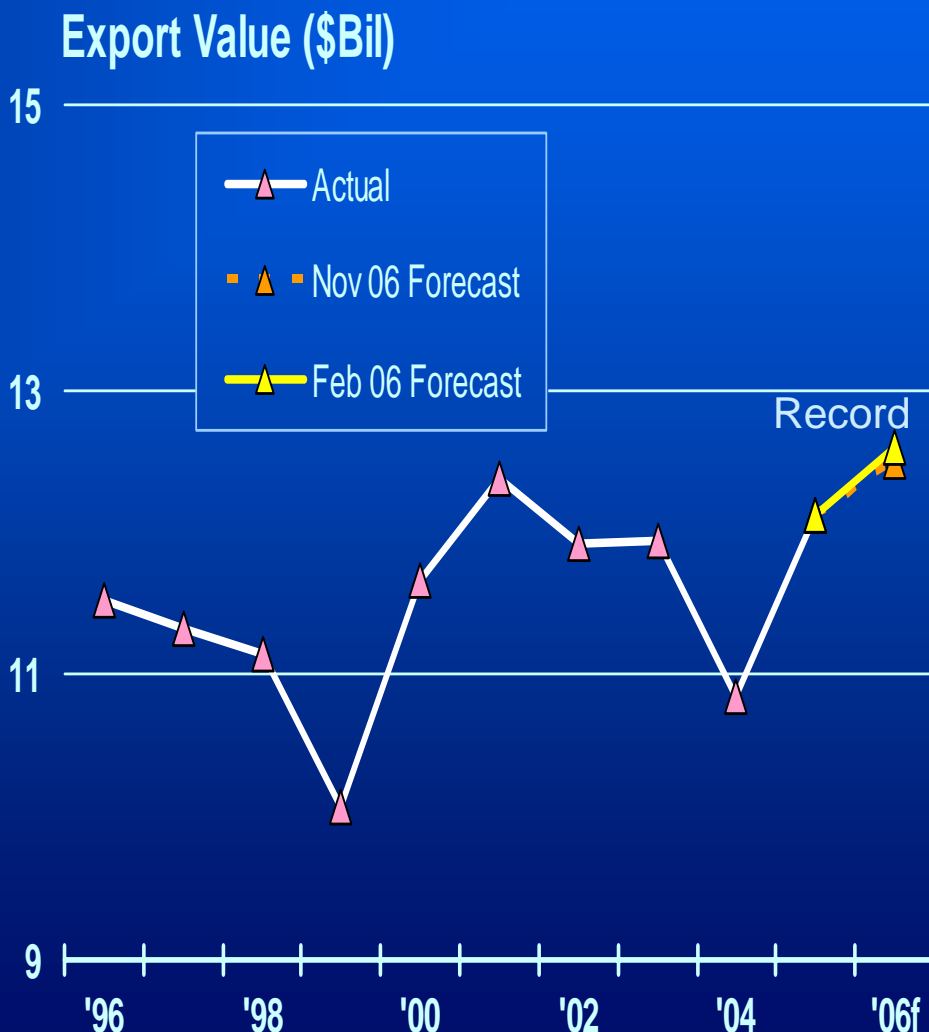
- Beef estimate raised 75,000 and \$330 mil. to 287,000 valued at \$1.3 bil. with the assumed resumption of sales to Japan, Hong Kong, Taiwan & Singapore
- Beef offals up \$100 mil on higher prices & exports to Egypt

Downside Developments

- Pork export growth slows, but still at record volume & value
- Poultry meat exports lowered slightly due to global AI concerns
- Milk powder (NFDm) volume down due to higher prices

Wild Cards

- Disease outbreaks, esp. AI worldwide & FMD in S. America
- Beef exports to Japan & Korea



Export Outlook for Horticultural Products

Revised FY 2006 Forecast:  \$400 million to \$16.3 billion

Revised FY 2006 Forecasts

Upside Developments

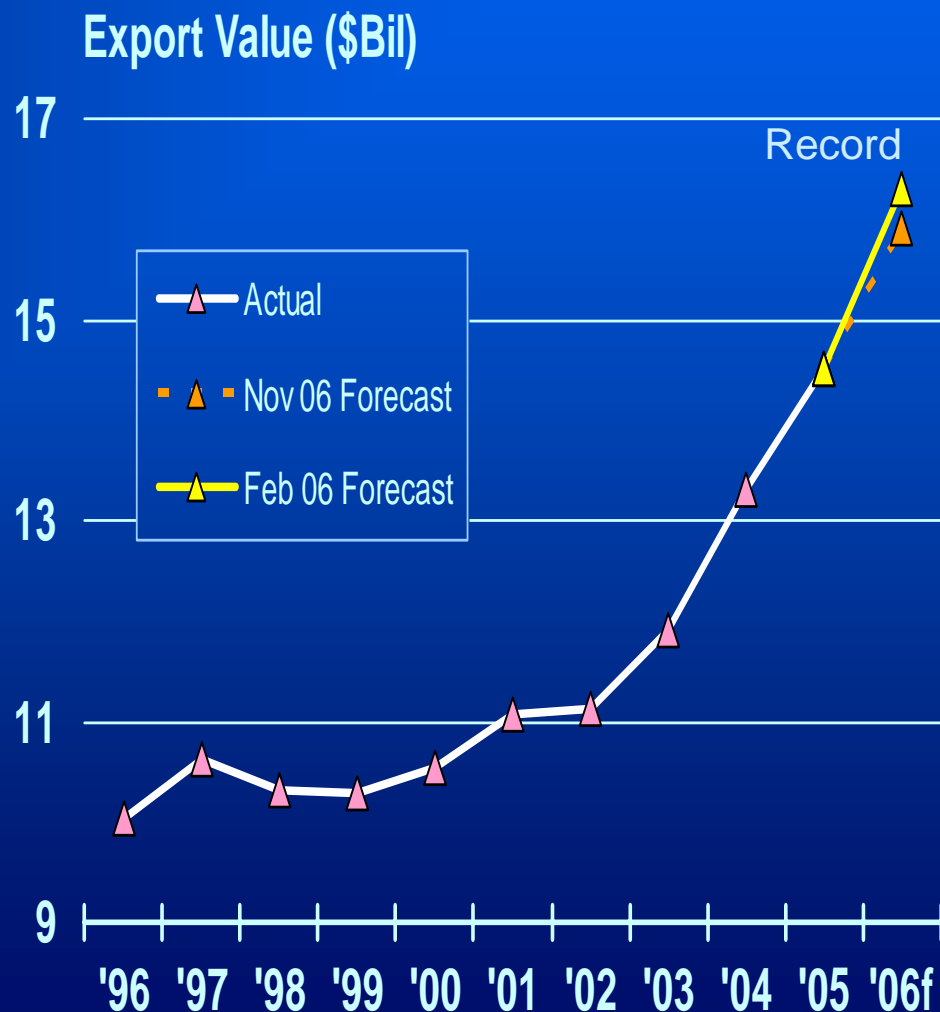
- Generally higher prices across many products raises export value
- Continued demand for tree nuts (esp. in the EU) and higher prices
- Strong sales of processed food preparations to Canada and Mexico
- Higher prices and stronger deciduous fruit exports to East Asia (mainly apples and table grapes)

Downside Developments

- Wine exports expected to remain flat to slightly lower this year
- Florida hurricane damage lowers the citrus crop recovery from last yr

Wild Cards

- Size of US and foreign crops
- Prices and exchange rates
- Demand for high-priced tree nuts



Export Outlook for Fishery Products

Revised FY 2006 Forecast: Steady at \$4 billion

Revised FY 2006 Forecasts

Upside Developments

- Exports to the European Union, which are up 25 percent during the 1st qtr, continue a 3-year upward trend
- King crab exports are up 9.5% (value) after a decline in 2005
- Exports of lobster, mackerel and scallops are on track to increase for the 4th year in a row

Downside Developments

- The 2006 harvest forecast for Alaska Bristol Bay sockeye salmon is down 3% from the 2005 harvest

Wild Cards

- Size of U.S. harvests of lobster, salmon, and other species



Export Outlook for Solid Wood Products

Revised FY 2006 Forecast: Unchanged at \$5.9 billion

Revised FY 2006 Forecasts

Upside Developments

- China imports more US softwoods for outdoor and large-scale nonresidential construction projects
- Exports to the Caribbean rise as hurricane-related construction builds momentum

Downside Developments

- Exports to Canada hindered by decreased demand for US hardwoods
- Softwood log and lumber exports to Japan continue decreasing

Wild Cards

- US housing market demand

